

PUBLIC DISCLOSURE

October 27, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**American Express Centurion Bank
27471**

**4315 South 2700 West
Salt Lake City, Utah 84184**

**Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **American Express Centurion Bank (AECB)** prepared by **Federal Deposit Insurance Corporation (FDIC)**, the institution's supervisory agency, as of **October 27, 2009**. The agency evaluates performance in assessment area(s) (AA), as they are delineated by the institution, rather than individual branches. This AA evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Summary Conclusions for the Assigned Rating

AECB continues to demonstrate excellent responsiveness to credit and community economic development needs in its AA. AECB has extended, funded, and committed \$227.6 million in qualified community development investments, loans, and grants during the current assessment period. This amount is comprised of \$172.5 million in qualified community development investments, \$48 million in outstanding investments from prior periods, \$2.7 million in donations/grants, and \$4.4 million in loans. AECB's total monetary allocation represents 1.04 percent of total average assets of \$21.9 billion for the review period. Qualified affiliate activities increase this percentage to 1.37 percent of total average assets. In addition, AECB employees and affiliates have provided a high level of 7,400 qualified community development service hours.

Community Development Investments

AECB has a high level of community development qualified investments and donations for the review period. Investments and donations are listed in Table 1. This table illustrates AECB's community development activities during the review period of January 1, 2006, through September 30, 2009, and includes affiliate investments and donations that were not considered by any other financial institution for CRA credit.

Table 1 Community Development Qualified Investments and Donations

Community Development Category	2006	2007	2008	Year-to-Date 2009	Total
Qualified Investments	\$ (000s)	\$ (000s)	\$ (000s)	\$ (000s)	\$ (000s)
Affordable Housing	26,152	28,614	25,848	62,954	143,568
Community Services	3,200	100		9,000	12,300
Economic Development	1,500		1,500	7,546	10,546
Revitalization & Stabilization		3,062	3,042		6,104
Sub-Total	30,852	31,776	30,390	79,500	172,518
Donations and Grants	600	600	703	782	2,685
Total Qualified Investments, Donations and Grants for the Period					175,203
Plus: Carry Forward Investments from Prior Evaluations					47,996
Total Qualified Investments for the Period					223,199
Plus: Affiliate Community Development Investments, Donations, and Grants*					73,225
Grand Total Investments and Donations	31,452	32,376	31,093	80,282	296,424

Source: Bank Records. Review Period January 1, 2006, to September 30, 2009. * Affiliate activity has decreased substantially because these activities are divided between AECB and American Express FSB.

Community Development Loans

AECB originated or purchased an adequate level of loans, specifically, 139 loans totaling \$4.4 million during this review period. Table 2 provides detail regarding AECB's community development lending activities during this review period.

Table 2 Community Development Loans

	2006	2007	2008	Year-to-Date 2009	Total
Community Development Loan Activities	\$ (000s)	\$ (000s)	\$ (000s)	\$ (000s)	\$ (000s)
Affordable Housing Community Reinvestment Corporation	380	144	681	1,107	2,312
Affordable Housing First Time Homebuyer Program		1,000		1,000	2,000
Economic Development Micro-enterprise Loan Fund	9	12	20	11	52
Total Qualified Loans for the Review Period	389	1,156	701	2,118	4,364

Source: Bank Records. Review Period January 1, 2006, to September 30, 2009.

Community Development Services

AECB has a high level of community development services and illustrates the bank's commitment to CRA. Employees of AECB and affiliates serve on the boards and committees of community organizations that serve low- and moderate- income (LMI) individuals and areas. Table 3 provides the volume of service hours spent providing community development qualified activities throughout the review period.

Table 3 Community Development Services

Qualified Community Development Services	2006 # Hours	2007 # Hours	2008 # Hours	Year-to-Date 2009 # Hours	Total # Hours
AECB	842	1,239	1,238	757	4,076
TRS and Affiliate Hours	1,241	1,196	554	336	3,327

Source: Bank Records. Review Period January 1, 2006, to September 30, 2009.

Response to Complaints

AECB has not received any complaints relating to its CRA performance.

Compliance with Fair Lending or Other Illegal Credit Practices

Substantive violations of Section 5 of the Federal Trade Commission Act regarding Unfair and Deceptive Acts or Practices were identified. These violations resulted from the bank's failure to properly oversee the solicitation activities regarding balance transfers and convenience checks. The practices were discontinued in 2009. The deceptive acts are inconsistent with meeting community credit needs. Therefore, the identification of the substantive violations resulted in a lowering of the CRA rating from Outstanding to Satisfactory.

SCOPE OF EXAMINATION:

AECB received written designation as a limited purpose institution by the FDIC on July 26, 1996. This designation remains in effect until the institution requests that it be revoked or until one year after the agency determines that the institution no longer satisfies the criteria for designation and notifies the institution of this determination.

AECB's activities regarding its community development lending, investments, and services must meet the community development definition in order to be considered for purposes of the CRA. Community development is defined as: (1) affordable housing (including multi-family rental housing) for LMI individuals; community services targeting LMI individuals; (3) activities to promote economic development by financing businesses or farms that meet designated size eligibility standards or have gross annual revenues of \$1 million or less; or (4) activities that revitalize or stabilize LMI geographies designated disaster areas or distressed or underserved rural communities. Tables detailing AECB's community development lending, investment, and service activities performance are presented in Appendix D starting on page 20 of this evaluation.

As a limited purpose institution AECB was evaluated based on the following factors:

- Community development lending, qualified investments, or community development services;
- Innovative or complex qualified investments, community development loans, or community development services to the extent that these investments are not routinely provided by the private investors; and
- Responsiveness to community development and credit needs.

AECB received an "Outstanding" rating at the prior CRA Evaluation dated January 9, 2006. Community development efforts from January 1, 2006, through September 30, 2009, were assessed for the current performance evaluation

DESCRIPTION OF INSTITUTION:

AECB is a nationwide lender of credit and charge cards headquartered in West Valley City, Utah. AECB is located within the Salt Lake City MSA #41620, which includes Salt Lake, Summit, and Tooele counties. AECB operates out of its main office at 4315 South 2700 West, West Valley City, Utah. The bank does not have any conventional branch offices or deposit-taking ATMs; however, the bank does operate an offshore funding facility located at 10779 Elizabethan Square, George Town, in the Cayman Islands.

According to the September 30, 2009, Reports of Condition and Income (CALL Report), AECB has total assets of \$25.4 billion, total loans of \$12.3 billion, and total deposits of \$13.6 billion. Credit card lending is primarily financed through brokered deposits.

Loan Portfolio

The composition of the bank's loan portfolio is depicted in Table 4. Information from the bank's CALL Report for September 30, 2009, was used for the table.

Table 4 Composition of Loan Portfolio

Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Consumer – credit cards	12,268,515	99.92
All Other Loans	9,682	0.08
Total Loans	12,278,197	100.00

Source: September 30, 2009, CALL Report

Parent and Affiliates

AECB's sister bank, American Express Federal Savings Bank (AEB) issues co-branded and small business charge and credit cards. Both banks are wholly-owned subsidiaries of American Express Travel Related Services (TRS), which is wholly-owned by American Express Company (AXP). On November 10, 2008, the Federal Reserve Board approved AXP's and TRS' joint application to become bank holding companies (BHC) upon the conversion of AECB from an industrial loan company to a bank. On November 14, 2008, AECB converted to a bank for purposes of the BHC Act.

Center for Community Development

AECB partners with the Center for Community Development (CCD) in playing a leadership role by engaging in community development activities that meet the requirements of CRA for a limited purpose institution. The Board of Directors of AECB has established measurable goals and objectives for loans, investments, and services necessary to maintain an outstanding program. The CCD fulfills the provisions of the bank's CRA goals and objectives by recommending community development projects. This partnership assists the bank in addressing the credit needs of the economically disadvantaged through partnerships with nonprofit organizations, and state and local governments. The CCD also maintains affiliate CRA related community development activities for each of the banks. The CRA activities are allocated among each bank. This is the first CRA evaluation of AECB where the CCD assigned activities between AECB and AEB and as a result, the total amount of community development investments, grants/donations, and services are lower than those reported in the 2006 CRA Performance Evaluation.

Each AECB employee is required to provide 8 hours of CRA eligible service or participation in two CRA service events annually. As of September 30, 2009, the bank has 69 employees and the CCD has 7 employees. The CCD is responsible for tracking and monitoring the bank employee service performance and reports to each of the management teams and Boards of Directors. Employees of the CCD and AECB serve on the boards and various committees of community organizations that serve LMI individuals and geographies. In addition, the CCD has established a community outreach program to ensure that consistent contact is maintained with organizations representing LMI geographies and/or individuals within the AA. CCD members take leadership roles in various CRA eligible service projects that result in longer term strategies.

DESCRIPTION OF ASSESSMENT AREA:

Demographics

Table 5 shows the breakdown of the geographic income characteristics of the 205 census tracts in the AA based on 2000 U.S. Census data, along with other selected demographic data. The tracts are categorized into 4 geographic income categories based on 2008 median family income (MFI) for the MSA which is \$54,586.

AECB has designated the Salt Lake MSA #41620 as its AA. The MSA is made up of the Salt Lake, Tooele, and Summit Counties. As depicted in Table 1, there are 205 census tracts within the AA, with a population of over 968,858 individuals. There are over 107,996 businesses and over 1,706 farms.

Table 5 Demographic Information for the Salt Lake MSA**

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	205	2.44	21.95	47.32	28.29	0.00
Population by Geography	968,858	0.79	22.59	49.65	26.97	0.00
Owner-Occupied Housing by Geography	221,417	0.20	16.53	52.75	30.52	0.00
Business by Geography	107,996	7.32	21.38	40.39	30.90	0.00
Farms by Geography	1,706	3.75	15.47	47.25	33.53	0.00
Family Distribution by Income Level	233,707	16.76	19.97	24.84	38.44	0.00
Distribution of LMI Families throughout AA Geographies	85,825	1.45	34.25	50.67	13.62	0.00
MFI		54,586	Median Housing Value		170,522	
Housing and Urban Development (HUD) Adjusted MFI for 2008		65,300	Unemployment Rate (2000 US Census)		2.35%	
Households Below Poverty Level		8%				

Source: (**) 2000 U.S. Census Data and 2008 HUD updated MFI. (*) The NA category consists of geographies that have not been assigned an income classification.

According to Haver Analytics and Economy.com, August 2009, the Salt Lake City economy remains in deep recession. Personal bankruptcies have increased from 4,258 in 2008, to an estimated 6,900 in 2009. Fueling the bankruptcies are the widespread job losses across most industries. Employment trends as of July 2009 for the prior three months, reveals a negative growth of 20.6 percent in construction, 6.6 percent in professional & business services, 7.5 percent in manufacturing, and 4.8 percent in trade. The only positive growth rates for this time period were in education, health and government services.

Community Contacts

Two community contacts were performed for this evaluation and 8 recent contacts were reviewed. These contacts included affordable housing, small business development, and economic development organizations.

Many of the contacts stated that affordable housing and rental housing are needed as layoffs are forcing people out of their homes and requiring more families to apply for housing assistance. One contact specifically stated that the waiting period for housing assistance is 2 years. Contacts stated that the tightening of the job markets is impacting all levels of the population. Families that were formerly middle income are now considered LMI. Another contact stated that there is a critical need for housing for the homeless, senior citizens, and transitional housing to help people become productive citizens.

Contacts stated that the current market conditions have adversely impacted the affordable housing tax credit market, particularly since Fannie Mae has reduced its participation in Salt Lake County.

A contact for small business development stated that the greatest needs are startup funds for businesses and small dollar loans. The contact stated that there are no unmet needs for small business owners; however, credit standards are tightening making it more difficult for small business owners to obtain loans. There are opportunities for local financial institutions to participate in government guaranteed loan products, which are geared towards helping small business owners with working capital needs.

One contact gave high marks to the local large banking institutions because they have the substantial capital and budgets to get involved in bigger development projects. This contact also stated that this is an indicator of the intense competition for CRA investments that exists in the Salt Lake County market place. The smaller institutions must create their own programs or partner with larger institutions to participate in CRA loans and investments.

CONCLUSIONS WITH RESPECT TO PERFORMANCE:

The bank's CRA performance under the community development test for limited purpose institutions is considered outstanding.

AECB's current CRA performance compared to its 2006 CRA performance reveals a decrease in the dollar volume of community development investments and loans of \$177 million. This is primarily due to the sharing of affiliate investments, donations, and loans between AECB and AEB. The affiliate totals in 2006 were \$341.1 million versus the affiliate totals for the current review period of \$73.2 million. The investment dollars and service hours have been significantly impacted by the assignment of affiliate activities. However, AECB's investment and lending activities have increased by \$91.3 million from the prior CRA Performance Evaluation. The prior CRA Performance Evaluation reflected community development loan and investment activity totaling \$131.9 million compared to the current period of \$227.6 million (\$4.4 million in qualified community development loans and \$223.2 in qualified investments/donations) illustrating a strong commitment to maintaining and continuing to meet the CRA needs of its AA. Refer to Tables 1, 2, 6, 7, and 8 for complete details.

The division of affiliate hours with AEB also produced a change in reported community development service hours. The 2006 CRA Evaluation reported affiliate service hours of 13,968, while the current review period service hours are 3,324. The total qualified community

development service hours are detailed in Tables 3 and 10, which reveals a high level of services to qualified organizations.

Examples of AECB's most notable qualified community development activities are detailed on the following pages.

COMMUNITY DEVELOPMENT LENDING

AECB has originated an adequate level of community development loans and commitments relative to the institution's business strategy, available opportunities, and competition from other financial institutions. In addressing its community development loans goals, AECB has extended credit through affiliation with local third party community development consortiums; small business development agencies; and city, county, and minority housing authorities. Community development lending activities include loans that revitalize distressed or underserved communities, provide affordable housing for LMI individuals and families, and/or promote economic development.

The following paragraphs detail activities of the aforementioned recipients:

Community Reinvestment Corp (CRC) – AECB is a founding and principal member of a successful local CRC made up of a consortium of 35 local financial institutions. This organization finances new construction or the rehabilitation of multi-family housing projects in Utah and surrounding states. During the evaluation period, AECB has provided \$2.3 million resulting in 800 units of affordable housing.

First Time Homebuyer Program (FTHP) – AECB has partnered with a Salt Lake City Corporation since 1992 in providing a line of credit for the FTHP. This program provides low interest loans for single family homes to first time homebuyers by combining Community Development Block Grant funds with loans from AECB. In 2007 and 2009, AECB provided a line of credit of \$1 million, respectively. During this evaluation period, FTHP has utilized \$1.1 million to finance 13 LMI borrowers with homes.

Microenterprise Loan Fund (MLF) – Startup capital is available to entrepreneurs in the Salt Lake Area through this fund. Twenty seven lenders make up this consortium. The MLF provides small dollar (up to \$25,000) term business loans to small businesses that do not qualify for conventional financing. During the review period, AECB funded an additional 113 loans totaling \$52,685.

QUALIFIED COMMUNITY DEVELOPMENT INVESTMENTS

A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting LMI individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize LMI geographies.

AECB has provided a high level of qualified community development investments and made numerous grants and donations relative to the institution's business strategy, available opportunities, and competition within the AA. AECB has addressed its qualified investment goals through a wide range of conduits including, housing related securities, investment tax credits, and donations to a host of entities within the AA, state, and region. During the CRA Evaluation period (January 1, 2006, through September 30, 2009), the bank acquired \$172.5 million in qualified investments that include grants and donations. Notable qualified community development investment programs are detailed in the following narrative:

Equity Fund – Established partnership with an investment corporation to address the need for affordable multi-family rental housing. The program invests in projects that utilize Low Income Housing Tax Credits (LIHTC) to generate capital from private investors. During the evaluation period, the Equity Fund has committed funding of 485 affordable multi-family housing units by providing \$25.8 million for 6 projects. Since the inception of the Equity Fund, AECB has provided 35 percent of the financing of the 1,428 units of affordable multi-family housing.

Credit to Own Program (CROWN) – CROWN is a partnership between AECB and a state housing authority. The program is innovative and responsive in meeting affordable housing needs while revitalizing existing neighborhoods. CROWN is a model program within the United States that utilizes LIHTC to provide lease-to-own affordable housing opportunities. The program targets families earning less than 50 percent of the area median income. During the current evaluation period, AECB has committed or funded \$3 million for the development of 23 homes.

Mortgage Backed Securities (MBS) – AECB works with many mortgage brokers to identify CRA eligible MBS pools within the State of Utah with an emphasis on the Salt Lake MSA. During the evaluation period, AECB has invested in 38 MSB pools totaling over \$91 million.

New Market Tax Credits (NMTC) – This program provides a credit against federal income taxes for investors that make qualified equity investments into Community Development Entities (CDE). The CDE uses the proceeds to make investments in businesses and real estate projects in low-income communities that stabilize and revitalize the area through economic development. AECB purchased a \$3 million investment in the NMTC and used a leveraged loan of \$7 million in the formation of a \$10 million CDE for a project in Salt Lake City.

Certificates of Deposit in Low-income Credit Unions – The Federal Credit Union Act, § 107(6), authorizes federal credit unions serving predominantly low-income members to receive shares, share drafts, and share certificates from non-members. Low-income designated credit

unions can accept nonmember accounts. AECB has deposited over \$375,000 in two low-income credit unions in Utah. Low-income credit unions serve narrow membership rather than broad communities, including low-income wage earners, disadvantaged populations, or people with disabilities.

AECB also provides assistance to local nonprofits, affordable housing authorities, community action organizations, economic development organizations, and service organizations serving the homeless and at risk youth. During the evaluation period, AECB provided \$2.7 million in qualified community development donations/grants. The following narrative highlights the most notable of these organizations:

- \$12,500 grant to support pre-construction activities and construction management services that help to cover costs related to the rehabilitation, construction, and preservation of 20 affordable housing units in the Salt Lake MSA, and the cities of Ogden and Tooele.
- \$7,500 grant for a new program that addressed the long term stability of formerly homeless client families. The funds were used to provide an additional part-time case manager and to subsidize the cost of living expenses for families in the immediate months following their shelter stay.
- \$4,102 grant to an affordable housing organization that assists low-income families get into housing using sweat equity. This grant covered the cost of connecting the sewer lines of two low-income families in Park City, Utah, to the main sewer system.
- \$10,000 grant to assist in the purchase of three to five lots for a program that helps low-income participants achieve the dream of home ownership through sweat equity. Six to 10 participants worked together as a group and provided approximately 65 percent of the labor to build their homes.
- \$25,000 grant provided funds for the first year of operations of a new housing project that supplied 201 units of new permanent housing for individuals and families experiencing chronic homelessness.
- \$5,000 grant providing support for nine transitional housing apartments for homeless families and audio/visual equipment for the training program that provides at risk LMI children essential services and interactive life skill classes.
- \$10,000 grant that assisted in the development of permanent housing for low-income persons with disabilities and sponsored a fundraising program benefiting LMI individuals.
- Additionally, AECB provides scholarships to community leaders for continuing education symposiums, conferences, and community development training.

QUALIFIED COMMUNITY DEVELOPMENT SERVICES

AECB exhibits excellent responsiveness in meeting the economic and development needs of the community. The bank has a high level of community development service hours to qualified entities. Bank employees and employees of the CCD are comprised of 7 motivated and dedicated individuals that take leadership roles in many of the organizations they sponsor. AECB developed, funded, or sponsored publications that were distributed to thousands of LMI individuals, nonprofit service providers, economic development agencies, governmental leaders, and tribal entities. Examples of the publications are detailed in the narrative below:

Affordable Housing Resource Guide – Provides a resource for individuals seeking affordable housing in Davis, Salt Lake, Tooele, Utah, and Weber counties. The guide provides information regarding resources and programs available to individuals and families seeking affordable housing.

Utah Small Business Resource Guide – Compiled as a tool for current and prospective small business owners in Utah. The guide contains information regarding AECB products and services, business development resources, government resources, capital/funding sources, listing of small business associations, and listings of Utah Chambers of Commerce. Cost of the upgrade to AECB was over \$7,000.

Foreclosure Prevention Workbook – Decision making tool for homeowners exploring ways to save their homes from foreclosure. The book was developed in cooperation with a state housing coalition, the CCD, and Pima County, Arizona. The book is available online at: www.utahforeclosureprevention.com. Cost to bank was \$5,000.

In Appendix D, Table 10 provides a listing of qualified service activity and hours expended by employees.

The following is a small sample of the community services provided by AECB and CCD.

- Some of the prominent non-profit organizations that bank personnel serve through Board and committee membership include: a county housing authority (aids in providing housing while promoting individual self-sufficiency and revitalization of neighborhoods); an after-school organization for children (a nonprofit art and mentoring program for underserved youth aged 5-18, designed to break the cycle of poverty and prepare young people for professional careers of the future); and Junior Achievement (Ensures that LMI students have an understanding of the free enterprise system as well as understand basic financial literacy principles).
- Provide guidance to various Small Business Investment Companies (SBICS), which invest in small businesses and provides venture capital for early stage information technology and life science businesses.

- Serve as Board members and volunteers with organizations that provide safe shelter, food, clothing, education, children's advocacy, and self sufficiency program to women, minorities and refugees.
- Since 1996, AECB has been a large contributor in time and money to the city homeless shelter by serving on Boards, initiating fundraisers, and providing children and family services programs.
- AECB identified the need for credit and homebuyer education as a primary AA need. AECB employees taught financial education to more than 3,000 students from low-income (Title I) schools. Also, numerous homeowners and first time home buyers received financial education training.

INNOVATIVE, FLEXIBLE, AND COMPLEX COMMUNITY DEVELOPMENT ACTIVITIES:

AECB's use of innovative, flexible, and complex community development activities is extensive and CCD employees take leadership roles in many of these activities. The following narrative provides detail regarding two such projects.

Customer Assistance and Relief Environment:

In April 2008, AECB developed the Customer Assistance and Relief Environment (CARE) program in order to meet the needs of credit card holders undergoing financial hardship. CARE is a 12 month program that assists credit card members (CM) who are having financial hardships in making current payments and assisting those CMs in a past due status with the bank. Upon entering the program, fees are suppressed in certain offers and the annual percentage rate is reduced from the default rate to 0 percent for 1-6 months, and either 9.99 percent or 12.99 percent depending on the option chosen for the 7-12th month of the program. Active CMs retain the charge or credit card after successful completion of the program. However, use of the card during the program is suspended. This program is flexible, innovative and responsive because it allows the CM the opportunity to work through financial hardship and still retain access to credit upon successful completion of the program.

New Market Tax Credit:

The New Market Tax Credit (NMTC) investment is a complex innovative project that was used by AECB and other participants to revitalize and stabilize a low-income area in Salt Lake City. The property location was a Brownfield environmental disaster area subject to clean up prior to construction of the new project. AECB created and became the sole member of an investment fund in order to finance the project. The investment fund was formed for the purpose of making a qualified equity investment that qualifies for the NMTC. This investment was funded through three transactions: (1) AECB made an equity contribution of over \$3 million; (2) the investment fund borrowed over \$5 million from a CRC with a 7 year term; and (3) the investment fund borrowed over \$2 million from the developer for a 30 year term. This project will provide 102 units of rent to own affordable housing (households below 80 percent of the area median income) and 49,360 square feet of commercial space. The project will consist of two buildings, one of which will be solely for commercial tenants and the other for mixed-use projects.

OTHER ACTIVITIES

AECB has more than adequately addressed the needs of its AA and the broader state wide or regional areas that include the AA. This section highlights AECB's performance outside of the Salt Lake MSA and the performance of affiliates in meeting community development needs of LMI individuals. The following narrative provides a summary of the more prominent community development efforts of AECB and its affiliate.

OTHER COMMUNITY DEVELOPMENT ACTIVITIES

AECB maintains a high level of community development grants and donations to qualified organizations outside of the Salt Lake MSA. AECB provides assistance to nonprofits, affordable housing authorities, community action organizations, economic development organizations, and service organizations serving the homeless and at risk youth outside of the Salt Lake MSA. The following narrative highlights the most notable of these various organizations:

- \$6,000 grant to provide program assistance to LMI individuals in Utah, Wasatch, and Summit Counties. More than 750 low-income individuals received homebuyer education, mortgage default counseling, and pre-purchase counseling.
- \$2,444 grant to purchase a copy machine for the housing authority to properly administer 139 Section 8 Vouchers as well as maintaining compliance with state and federal programs regarding proper documentation.
- AECB invested over \$10 million in minority banks across the United States. Using the Certificate of Deposit Account Registry Service network, AECB identified minority banks in 3 large metropolitan areas. AECB's investments enables minority banks to provide greater lending in their local communities.

Affiliate Community Development Activities

AECB's parent and its affiliates are extensively involved in qualified community development activities across the nation. Overall, AECB affiliates have provided \$73.2 million in qualified investments and donated 4,322 hours to qualified service organizations, as detailed in Table 9 in Appendix D. The following narrative provides notable CRA qualifying activities demonstrating American Express' overall corporate commitment to the CRA.

American Express Travel Related Services invested in 3 qualified community development affordable rental housing projects within AECB's AA or regional area that includes the AA. The investments provided 113 units of affordable rental housing to households earning 25 to 50 percent of the area median income.

American Express provides for the development and publishing of publications to assist small businesses and consumers to further assist qualified organizations and state departments.

These activities are summarized below.

Weber County Housing Resource Guide – This guide was developed by a state nonprofit corporation with funding from the bank. The resource guide contains answers to frequently asked questions and information about affordable rental and homeownership, HUD approved housing counseling agencies, Weber County homebuyer education, and predatory practices in mortgage lending. Approximately 200 guides were distributed in 2007.

Managing Debt – American Express Company developed this video in cooperation with the following organizations: Consumer Action; Consumer Federation of America; U.S. Cooperative State Research; Education and Extension Service; National Foundation for Consumer Credit; and Neighborhood Reinvestment Corporation. The video and instructor guide provides training regarding budgeting, credit history, and other financial information.

Salt Lake County Refugee Housing Needs Guide – This brochure was published and distributed in 2008. The guide focuses on the needs as affordable housing needs of refugees.

Mentorship and Services to Small Businesses – Brochures include the Service Corps of Retired Executives (SCORE) Program, Get Involved in Government Contracting Mentor-Protégé Programs, An Introduction to Government Contracting, Become an Accomplished Government Contractor, How to Thrive in Government Contracting, Team to Help Win Government Contracts, Tap Stimulus Act Opportunities in Government Contracting, and Prepare Your Business for Government Sales.

Recognizing Responsibility – Financial literacy programs to address the financial needs of young people, first time credit users, and experienced credit users who want to improve their financial management skills. Educational materials about credit and financial responsibility are distributed to thousands of consumers around the world. Examples of these materials include:

- **Credit Card Responsibility & You** – Educational booklets explaining the proper use of credit cards are available to the public at no charge
- **Credit Cards: What You Need to Know and Families and Credit Cards** – provides information on responsible credit card use, understanding terms and conditions, and how to avoid late and penalty fees. These booklets are available at no cost in the Chinese, English, Korean, Spanish, and Vietnamese languages.

APPENDIX A

SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED	January 1, 2006, through September 30, 2009	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
American Express Centurion Bank, 4315 South 2700 West, Salt Lake City, UT		Community Development Loans Community Development Investments Community Development Services
AFFILIATE	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
American Express Travel Related Services,	Immediate Parent Bank Holding Co.	Qualified Services Qualified Investments
American Express Company	Ultimate Parent Bank Holding Co.	Qualified Investments Qualified Services
American Express Charitable Fund	Affiliate Charitable Organization	Qualified Investments Qualified Services

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Salt Lake MSA	On site	None	None

APPENDIX B - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

APPENDIX C - INVESTMENT DEFINITIONS

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit LMI groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro-enterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Low Income Housing Tax Credits (LIHTC): The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

Qualified Investments: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting LMI

individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize LMI geographies.

Small Business Investment Company (SBIC): Is a Small Business Administration (SBA) program to improve and stimulate the national economy and small businesses by stimulating and supplementing the flow of private equity capital and long term loan funds for the sound financing, growth, expansion, and modernization of small business operations while insuring the maximum participation of private financing sources.

New Markets Tax Credit (NMTC) Program: A NMTC permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

Throughout the life of the NMTC Program, the Fund is authorized to allocate to CDEs the authority to issue to their investors up to the aggregate amount of \$23 billion in equity as to which NMTCs can be claimed, including \$1 billion of special allocation authority to be used for the recovery and redevelopment of the Gulf Opportunity Zone.

Community Reinvestment Act Qualified Investment Fund (CRAQIF): Is an investment fund whose objective is to provide (1) a high level of current income consistent with the preservation of capital and (2) investments that will be deemed to be qualified under the CRA. The CRAQIF's principal investment strategy is to invest in debt securities that relate to the institution's AA.

Access Capital Community Investment (Access): This mutual fund invests solely in qualified investments in Designated Target Regions. The fund is concentrated in the affordable housing industry. The fund will invest a significant amount of its assets in securities issued by Government National Mortgage Association (Ginnie Mae) and government sponsored enterprises (GSEs) such as the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Housing Administration (FHA) project loans, and tax-exempt debt issued by state housing finance authorities (HFAs) to finance their work in affordable housing.

APPENDIX D – COMMUNITY DEVELOPMENT ACTIVITIES:

Table 6 --COMMUNITY DEVELOPMENT QUALIFIED INVESTMENTS AND GRANTS (BANK ONLY)

Community Development Category - Qualified Investments					
Amounts Shown In Thousands	2006 \$ (000s)	2007 \$ (000s)	2008 \$ (000s)	Year-to-Date 2009 \$ (000s)	Total \$ (000s)
Affordable Housing	26,152	28,614	25,848	62,954	143,568
Community Services	3,200	100		9,000	12,300
Economic Development	1,500		1,500	7,546	10,546
Revitalization & Stabilization		3,062	3,042		6,104
Total Qualified Investments for the Period	30,852	31,776	30,390	79,500	172,518
Carry Over Prior Periods					47,996
Grants and Donations	600	600	703	782	2,685
Total - Qualified Investment, Grants	31,841	33,532	31,794	82,400	223,199

**Source: Bank Records for review period: January 1, 2006, to September 30, 2009*

Table 7 -- COMMUNITY DEVELOPMENT QUALIFIED INVESTMENTS (BANK ONLY)

		2006		2007		2008		2009		Total
	# Investments	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	\$ (000s)
Low Income Housing Tax Credits (LIHTC)	8	3,577		396	3,406	7,373	11,094			25,846
LIHTC - CROWN	3	70				2,708				2,778
Total LIHTC	11	3,647		396	3,406	10,081	11,094			28,624
Mortgage-Backed Securities	38	13,985		15,244		4,674		57,954		91,856
Housing Finance Agency Bonds	8	8,520		12,630						21,150
CRA Mutual Fund	2	1,428	72					5,000		6,500
UTFC Fund II	1					1,500				1,500
Access Funds	1							6,500		6,500
SBA Development Company Certificates	1							1,046		1,046
New Market Tax Credits	1					3,041				3,041
Deposits in minority banks, CDFI's and low-income Credit Unions	14	3,200		100				9,000		12,300
TOTAL	77	30,780	72	28,370	3,406	19,296	11,094	79,500	-	172,518

**Source: Bank Records for review period: January 1, 2006, to September 30, 2009*

Table 8 -- COMMUNITY DEVELOPMENT - QUALIFIED LOANS (BANK ONLY)										
		2006		2007		2008		2009		Total
	# Loans	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	Committed Amount \$ (000s)	Unfunded Commitment \$ (000s)	\$ (000s)
CDC Loan Draws	25	380		144		681		1,107		2,312
FTHBC	1				1,000			138	862	2,000
MLF Loan Draws	113	9		12		20		11		52
TOTAL	139	389	0	156	1,000	701	0	1,256	862	4,364

**Source: Bank Records for review period: January 1, 2006, to September 30, 2009*

Table 9 -- Affiliate Community Development Investment and Service Activities

	2006		2007		2008		Year-to-Date 2009		
Category	Number	Dollar (000s)	Number	Dollar (000s)	Number	Dollar (000s)	Number	Dollar (000s)	Total (000s)
Housing Bonds	5	31,798	5	17,648					49,445
LIHTC	1	8,917			2	11,250			20,167
Minority-owned banks - Certificate of Deposits			7	350			8	410	760
Grants to LMI provide essential services	58	973	60	937	25	432	22	501	2,844
Credit Education Resource Materials (i.e., Publications At No Charge) – Cost \$0.88 Cents Per Publication	5,769	5	440		2,133	2	1,775	2	9
Sub-Total	64	41,693	72	18,935	27	11,684	30	913	73,225
	# Hours		# Hours		# Hours		# Hours		# Hours
Community Development Service Hours	2,320		875		726		401		4,322

**Source: Bank Records for review period: January 1, 2006, to September 30, 2009*

Table 10 -- Community Development Service Hours

	2006		2007		2008		Year to Date 2009	
Category	AECB Hours	TRS Affiliate Hours	AECB Hours	CCD & TRS Affiliate Hours	AECB Hours	CCD & TRS Affiliate Hours	AECB Hours	CCD &TRS Affiliate Hours
Credit Education and Financial Service	502	138	560	90	452	62	309	21
Board, Committee and Capacity Building Support - serving LMI individuals and communities	340	1,103	528	1,084	602	427	423	315
VITA Volunteers - providing free tax preparation for LMI individuals	0	0	151	22	184	65	25	0
Summary of Service Hours	842	1,241	1,239	1,196	1,238	554	757	336

**Source: Bank Records for review period: January 1, 2006, to September 30, 2009*